



Foreign Agricultural Service

**GAIN Report**

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## Egypt

### Cotton and Products

### Egypt' Cotton Update

**2002**

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#### **Report Highlights:**

**The government of Egypt allocated LE 200 million (\$43 million) to pay the difference between producer prices and mill prices. Cotton imports are expected to decrease substantially during this season as a result of this new subsidy program.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Cairo [EG1], EG

With the beginning of the new cotton picking season Sept 2002, the Government of Egypt decided to subsidize the sale of local cotton to domestic mills in an attempt to close the price gap between Egyptian cotton and competing products. Last month, the government allocated LE 200 million (\$43 million) to pay the difference between producer prices and mill prices.

The following are prices before subsidy and after subsidy per Kentar for different varieties (1 Kentar=50Kg):

Variety	Price before subsidy LE/Kentar	Price after subsidy LE/Kentar
Giza 83	315	250
Giza 80	315	250
Giza 90	315	250
Giza 85	328	280
Giza 89	330	290
Giza 86	360	314

Most local mills prefer imported cotton over the Egyptian cotton due to its high prices. Since over 90 percent of Egyptian mills production falls between 10 or less and 30 English Counts, they don't need to pay 30 percent premium for Egyptian long staple cotton (not competitive). The current FOB prices for imported cotton from Syria and Greece is \$.48/Lb, White San Joaquin Valley ( SJV) cotton is \$.58/Lb, in addition to 17 percent customs, fumigation and other charges. As a result of the new subsidy program, Egyptian cotton is becoming more price competitive than imports (\$.55/Lb. According to industry officials, cotton imports are expected to decrease substantially during this season as a result of this new subsidy program. Export side, officials reported that exports during this period of time are less than last year at the same period.

The following are the opening export prices for the 2002/03 season for grade G+3/8 cost per Libra:

Variety	C/Lb
Giza 70	97
Giza 88	94
Giza 86	83
Giza 89	78
Giza 85	76
Giza 80,Giza83 and Giza 90	72